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AN ECONOMIC HISTORY OF THE UNITED STATES[1]

CARROLL D. WRIGHT

Seven years ago to-morrow, and five days before his death, Gen. Francis A. Walker honored me by outlining to me verbally a projected work relating to the economic conditions of the United States. His purpose was to treat these conditions from the settlement of the country to the present time. Really, his syllabus comprehended an economic history of the United States since the adoption of the Federal Constitution, and he, of all men, was the one to carry the ambitious proposition to completion and to success. He was to deliver a course of lectures before the Lowell Institute based on this work, and hoped ultimately to develop the lectures into a book which should give clearly the main facts relating to the social and economic condition of the people of our country.

After General Walker's death it seemed to me that some one should take up the work proposed by him, but the inspiration he gave me did not seem to gain ground with others, for as the matter was considered it seemed to be too vast a work for one man to undertake. General Walker's proposed work was to be limited to one volume, and necessarily it could be no more than a very general history of economic development since the foundation of the Government. As time went on it seemed that in order to make the work what it should be—based not only upon such matter as existed, but upon the resnlts of original research—there needed to be ex-

[1] An address delivered before the joint session of the American Economic and American Historical Association at Chicago, December 30, 1904, by Carroll D. Wright.

pended a large sum of money and a corps of investigators and writers employed. This carried it entirely away from the possibility of any one man making the effort. Such a work did not attract publishers, and the lifetime of any one writer was all too short to see the work completed.

When, however, the Carnegie Institution of Washington was organized and it fell to my lot to be one of the trustees of the Institution, I felt that the time had arrived when steps could be taken not only to carry out the purpose outlined by General Walker, but to extend his contemplated work to a degree that would warrant the expenditure of a sufficient amount of money by the institution.

In shaping the work of the Institution advisory committees were appointed to pass upon different subjects and recommend lines of investigation to be undertaken by it. Among these committees was an advisory committee on economics, consisting of Professor Farnam of Yale, Professor Clark of Columbia, and myself. This committee considered the matter at its first meeting without reaching a definite conclusion or discussing any particular lines of economic research. Subsequently the committee found no difficulty in making a recommendation to the Institution, for without further consultation each member brought in an independent memorandum of what he thought was best to be done, and on comparison it was found that all were in favor of an economic history. The report of this committee forms the initial step, so far as positive recommendation is concerned, in securing an allotment of funds for economic research. I therefore give the report in full, so far as the work recommended is concerned:

To the Board of Trustees of the Carnegie Institution:

GENTLEMEN—The committe appointed to report upon plans for economic research are of the opinion that, among the numerous topics in economics, sociology, and public law which might be interesting and useful to study, none are at the present time more promising than those which are suggested by the economic and legislative experience of our States. This experience presents such diversities and the matter to be studied is so vast that it is almost impossible for an isolated investigator to deal thoroughly with even a very limited phase of it. The government offices are obviously not in a position to treat it with the freedom demanded by science. The Carnegie Institution is, therefore, both on account of the funds at its command and on account of its power of enlisting the coöperation of scholars throughout the country, in a position of peculiar advantage with respect to this kind of work, and is able to direct a series of investigations of inestimable value, which, but for its assistance, might not be undertaken for many years.

Among the many topics which fall within this general field we may specify:

(1) Social legislation of the states, which should be critically examined.
(2) The labor movement.
(3) The industrial development of the states.
(4) State and local taxation and finance.
(5) The state regulation of corporations.

The thorough, scientific presentation of these and other allied topics would constitute a monumental economic history of the United States and occupy a place in economic literature hitherto unfilled.

The committee also recommended what seemed at the time an adequate sum to be appropriated provisionally for at least five years, believing, as it expressed itself, that during that time valuable results could be produced. The recommendation was promptly and unanimously adopted by the Executive Committee and

by the Board of Trustees and the active work of organization began.

In order to secure the coöperation of the members of the American Economic Association, a circular was addressed to the individual members of the Council of that Association, asking their suggestions as to men best adapted to carry on the work of the various divisions necessary to attain a fairly complete history of the economic development of the country. It is interesting to know that the suggestions of the Council were, with one or two exceptions, adopted and the gentlemen recommended placed in charge of the various divisions.

After conference with the friends of the movement to secure the materials of an economic history, and with the gentlemen suggested to take part in the actual work of investigation and authorship, it was decided that it was impossible to carry on the work successfully, and to the satisfaction of the economists of the country for the appropriation originally recommended. The matter was therefore brought again to the attention of the Board of Trustees of the Carnegie Institution of Washington, with a recommendation that the annual appropriation or allotment for the economic history be doubled. This recommendation was adopted without argument and by unanimous vote.

The Executive Committee, acting under this authorization from the Board of Trustees, then created the Department of Economics and Sociology of the Carnegie Institution of Washington. A very full report was made to the Board outlining the general work contemplated, the result being that the Department of Economics and Sociology of the Institution was made to consist of eleven divisions. These divisions, together

with the names of the gentlemen in charge, are as follows:

1. Population and Immigration. — Prof. Walter F. Willcox, Cornell University, Ithaca, N. Y.
2. Agriculture and Forestry, including Public Domain and Irrigation·—Pres't. Kenyon L. Butterfield, Rhode Island College of Agriculture and Mechanic Arts, Kingston, R. I.
3. Mining.—Mr. Edward W. Parker, Geological Survey, Washington, D. C.
4. Manufactures.—Hon. S. N. D. North, Census Office, Washington, D. C. (Now in charge of Mr. Carroll D. Wright).
5. Transportation.—Prof. W. Z. Ripley, Harvard University, Cambridge, Mass. (Now in charge of Prof. B. H. Meyer, University of Wisconsin, Madison Wis.)
6. Domestic and Foreign Commerce.—Prof. Emory R. Johnson, University of Pennsylvania, Philadelphia, Pa.
7. Money and Banking.—Prof. Davis R. Dewey, Institute of Technology, Boston, Mass.
8. The Labor Movement.—Carroll D. Wright, Clark College, Worcester, Mass., and Prof. H. W. Farnam, Yale University, New Haven, Conn.
9. Industrial Organization.—Prof. J. W. Jenks, Cornell University, Ithaca, N. Y.
10. Social Legislation, including Provident Institutions, Insurance, Poor Laws, etc.—Prof. Henry W. Farnam, 43 Hillhouse Ave., New Haven, Ct.
11. Federal and State Finance, including Taxation.—Prof. Henry B. Gardner, 54 Stimson Ave., Providence, R. I.

At the New Orleans meeting of the American Economic Association the Council adopted the following resolution:

Resolved, That the Council of the American Economic Association desires to express its cordial recognition of the liberal action of the Carnegie Institution in provid-

ing for research in American economic history, and tenders its hearty coöperation in the same as opportunity may arise.

It took some time for the Department of Economics and Sociology to get into thorough working order. A great deal of labor was performed in outlining the work and in considering the various difficulties and methods connected therewith, for all the great departments of economic history have not been worked out extensively; only fragmentary historical features and statistical data are at the command of economists and historians.

The idea of this investigation for the purpose of ultimately preparing an economic history is to secure, wherever possible, original data that have never been published, and that will unfold and develop all the various lines undertaken. Each collaborator furnished a syllabus of his proposed work, and these syllabi gave ample proof of the complete understanding of the collaborators of the scope of the projected undertaking. It was felt by all that the work should go beyond mere history, and should recognize the sociological results of economic development. It is appropriate that the historians of the country should not only take an interested part in this great work, but should be consulted with reference to original matter and the general construction of the history, although, in the main, it must necessarily be an economic work.

In this connection it may be of interest to you all to know that the collaborators have decided—and this plan has been approved by the Executive Committee of the Institution—that publications based upon the material collected under the direction of the Department of Economics and Sociology shall be permitted, suitable acknowledgment of such privilege being made, of

course. Such a plan will enable the investigators engaged in the work of original research to use the material collected by them in the preparation of monographs, memoirs, or theses, which, if their work proves satisfactory, they will be allowed to publish in such form or in such way as may be deemed advisable or agreeable to them, always reserving the right to the Carnegie Institution to use any or all of the original material in the construction of the final work of the history.

The question may now be asked with propriety: Of what is this great work to consist? The syllabi of the various collaborators fully answer this question, and at the expense of some dry details the general features outlined by the different collaborators must be given:

1.—*Population and Immigration.*

Under population there will be a study of the growth of population as a whole and in the various parts of the country since 1790, with such data and general facts as to the routes and tendency of the growth of population as may be obtained during the colonial period. This study, of course, involves that of urban and rural population, and the composition of the population at different periods and in different regions, with especial reference to the proportion of persons of money-earning age. There will also be included under this head careful studies of specific populations, like the Indian, Mongolian, and the negro; the progress of elementary education, as shown by population statistics; an analysis of the occupations under which the population subsists, and, of course, vital statistics of the population. The tenure of homes and various other economic and sociological elements pertaining to the whole general movement of population will be covered.

Under population immigration finds its natural classification, but this will be extended to an analysis of the migration of native population; the growth of facilities for trans-oceanic migration; the effect of State and Federal legislation upon immigration, and the vexed question of the influence of immigration upon the increase of population, upon the laboring classes, upon the labor union, and upon socialistic movements, while the special questions of German, Irish, English, and all other racial features of immigration will be comprehended under the general title of "population and immigration."

2.—*History and Status of the Economic and Social Relations of the Agricultural Industry of the United States.*

Nothing can be more important than the history and growth of agriculture, the basic industry of our country, and the whole subject will be dealt with on a very general basis adequate to it. Under this head will be treated the development of agriculture as a self-sustaining industry; the development of a commercial agriculture; the division of labor; large versus small farms; the economics of agricultural machinery; the pliability and complexity of the business; the relation of agriculture to capitalistic organization, to the labor propaganda and to other industries. The agricultural geography of the United States will comprehend soil, climate, weather, fertility, natural enemies to agriculture, etc.

Under the agricultural market, facts will be secured as to the nature and description of markets, prices, mechanism of the agricultural market, and its development. The whole subject of the transportation of agricultural products, farm management, etc., will receive careful and exhaustive attention, while specific leading agricul-

tural industries will form a valuable chapter of the work. The political relations of the agricultural industry—that is, the laws and land policy of the United States—and the relation of agriculture to tariff laws, financial legislation, taxation, etc., and the whole subject of government aid will be discussed.

Under the title of "Agricultural Population," the history will consider the movements necessary for the settlement of the country; social condition; modern means of communication; social status of the agricultural laborer; the education of rural people; the rural church; farmers' organizations; and many other features which must necessarily be the subject of original inquiry.

3.—*History of the Development of the Mining Industry.*

This history will cover the period from the earliest operations in mining to the present time, comprehending statistics, chronology of events, the application of mechanical appliances, the effect of labor-saving machinery on the development of mining industries, a general treatment of all the various improvements in smelting and refining, and a description of mineral products in detail.

As an instance of what may be expected in treating mechanical appliances in different branches of the mining industry all the devices applicable to the several classes of mining will be comprehended. Those inside the mines cover compressed air, steam and electric drills and pumps, mechanical haulage, drainage, hoisting and winding machinery; the evolution from man or horse power to water, steam, compressed air, oil and gas engines, and finally to electricity. All the devices that are used above ground will in the same way receive

attention in relation to their influence on the economic development of mining.

Under this general subject mineral fertilizers, chemical minerals, building material, rare earths, new elements, and all other mineral substances will receive full and proper attention.

4.—*Manufactures.*

The treatment of manufactures will cover the conditions and progress of mechanical and manufacturing industries in the several colonies during the period prior to the American Revolution, with an account of the industries transplanted from Europe and the industries indigenous to this country; the legislation of the British Parliament and regulations of the British Board of Trade antagonistic to the development of manufactures in this country; the genesis, administration, and effects of the enactments of the several colonies for the purpose of developing home industry; the incentive to manufacturing enterprise, and the comparative consumption of domestic and foreign manufactures during the Revolution.

As a cognate subject in close relation to the development of manufactures, the collaborator in charge of this division will treat of the natural resources of the country and their development, as shown by agricultural resources, reciprocal relation of agriculture and manufactures, mineral resources, forests, and fisheries, while national characteristics, in their economic influence on manufactures, will receive full attention.

Of course, under manufactures there will be a careful investigation relative to the utilization of power, the relation of wars to the development of American manufactures, the development of the factory system, the in-

fluence of legislation, labor conditions, transportation facilities, the different forms of capital, the economic relation of patents to the development of American manufactures, the localization of industries, and the influence of panics and depressions. There will also be a series of studies relating to special industries, comprehending the great industries that really make our country a manufacturing nation.

5.—*History of Transportation in the United States.*

The chronological history of transportation will deal with primitive conditions, the era of canals and railway origins, the growth of different systems and of through traffic, State and national regulations, railway rates, consolidation, railway finance, railway operation, systems of public control, railway labor, electric and rapid transit, lake transportation, etc. All these studies will be dealt with by periods and proper groupings, and in a way to make the history of transportation clear, continuous, and comprehensive.

6.—*Domestic and Foreign Commerce.*

The economic influence of domestic and foreign commerce on the development of the country will be shown through a history of the American merchant marine from its beginning to the present, including maritime legislation; a study of ocean transportation; a history of American foreign trade during the colonial and constitutional periods of the trade areas of the world at different periods of American history, and of the commerce between the areas in America and those in other parts of the world.

This history will also show the organization and administration of commerce, including the internal

organization and management of international trade, and the relation of the Federal, State, and municipal governments to commerce.

Subsidiary to this general history there will be a treatment of the organization and activities of the consular service of the United States; of American coastwise commerce, its history, legislation relating to it, and routes and lines of vessels; and of American fisheries since the beginning of the seventeenth century.

7.—*Money and Banking.*

In the history of money and banking emphasis will be laid upon the use of monetary media and credit institutions as factors in the development of industry and commerce. Hitherto this aspect of money and banking has been neglected. Metallic money has been considered chiefly with regard to its serviceability as a standard of value, the issue of treasury notes has been treated as a branch of finance, and banking institutions have been studied as corporations abusing the privilege of note issue, and consequently requiring public control. Not only is it necessary to weave together the several histories which have already been published dealing with the subjects of coinage, treasury notes, and banks, but it is highly desirable that investigation be made of the influence of these monetary tools and instruments upon the economic life of the people and the way in which they have contributed to its social welfare.

From the standpoint of an economic history of the people of the United States, the subject of coinage should be sharply detached from other topics, as banking and paper money. We have as yet no one history which treats, within a single compass, of the experience of the United States with the several varieties of monetary and

credit agencies and instruments. There is a necessity for supplementing the political aspects of banking by studies of the daily work of the bank in normal industrial life, and of considering the relation of banking capital, deposits, and loans to the population.

The distribution of banking institutions in different sections of the United States, including national, state, private banks, trust companies, and savings banks, in their relation to the increase of population and to the growth of different industries, as agriculture, manufacturing, commerce, railway development, etc., requires investigation. So many other things, like the ratio of capital and circulation to the various elements of the population; the amount of loans and deposits; the relation of currency to crop gathering; the cost of banking; the earnings of banks; a history of the rate of interest, of clearing-house institutions, of trust companies, of savings banks, of the increased use of checks, private and certified, will receive full and careful attention as movements or elements of economic development.

8.—*The Labor Movement.*

That part of the economic history devoted to the labor movement will treat of the elements or phases of trade unions, including their history, development, constitutions, methods, membership, etc. It will also comprehend a topical aualysis of all labor laws of the United States and the decisions of the courts interpreting them. Of course the whole range of subjects under strikes, lockouts, injunctions, conspiracy, boycotts, intimidations, will be given full historical treatment. The subject of employers' liability, compensation for accidents, workingmen's insurance, and relief funds, under whatever

form they are constituted, including provident associations, pensions, etc., etc., will receive attention.

The rights of labor under common and statute law, the hours of labor, wages, cost of living, women's work, child labor, prison labor, the regulation and restriction of output, the history and development of conciliation and arbitration, profit-sharing, coöperation, stock distribution, housing conditions, sanitary improvements, betterments, etc., and, in fact, all those points which make up the great labor question of the day will receive full and adequate treatment.

9.—*Industrial Organization.*

Under this title there will be a brief study of business organizations in Europe during the period of American colonization, with the purpose of showing the sources of similar institutions in America and the changes which their transference to the new world has brought about. The subject will also comprehend the development of business, law, and organization in the colonies, taking up such important subjects as partnerships, road companies, laws affecting business organization of all kinds; and this, of course, will lead to the study of the development of business, law, and organization during the national period, including the influence of the post-office, the telegraph and telephone, canals, turnpikes, railroads, etc., as well as the effect on business organization of certain political changes and the direct interference by the State in industry, as exemplified by special grants to corporations, especially in the earlier stages of their develoyment, and the gradual substitution of general laws; the interference of national, state, and local governments in industrial affairs in the state itself undertaking certain business

functions. Naturally, this branch of the economic history will deal with certain periods of speculation and industrial depression. Of course, modern industrial combinations or trusts will be treated as to their origin, development, and the various legal forms of the manufacturing combinations, with full reasons for their adoption, and naturally also, the effect of these combinations upon prices, wages, etc., as well as their influence upon financiering, banks, trust companies, insurance companies, etc. These studies will be made by States or groups of States under similar industrial conditions, and will be followed by a close study of federal partnerships, corporations, combinations, etc., and the effect of such legislation. All these studies can be very readily grouped topically so that such monographs may be written on the various subjects in connection with the growth of business organizations.

10.—*Social Legislation of the United States.*

The economic history of a country deals with the people who inhabit it and with their environment. The latter includes, on the one hand, the physical or material, and on the other, the legal or institutional, surroundings under the influence of which the population lives. Of the great body of law of a people, the larger part affects at best indirectly and remotely its economic and social life, and it is clear that in a modern democratic country like the United States the social structure is based almost entirely upon economic functions rather than upon race, birth, religion, or military rank. We have employers and employed, landlords and tenants, farmers and manufacturers, merchants and carriers. Each of these groups has, for the time being, interests which may come into conflict with those of other groups,

and we have laws designed to regulate the relations of one group to another, and thus to affect the structure of society. This is a vast subject, for the aim of social legislation to regulate directly or indirectly all the various interests, with the view of ultimately influencing the distribution of the product and the burden of production, is a vital matter.

Under social legislation there will be treated the status of the laborer, conditions of labor, disputes under the labor contract, risks of labor, and self-help, while the land policy of the government, homestead and exemption laws, protection of urban tenants, the encouragement of savings, the protection of the borrower, and other equally important features will be studied, and wherever necessary, made the subject of original research.

11.—*Federal and State Finance.*

Much work has been done on various aspects of national finance, and the subject, as a whole, has recently been ably treated. Considerable has also been done in the field of colonial finance. Very little attention, however, has been paid to State and local finance since 1789. The attempt will be made in this study to present a view of the different aspects of our financial history, national, state, and local, since 1789, as a whole. To accomplish this it will be necessary to institute original investigations in almost every State.

The plan includes an account of the relation between the development of revenue systems and of the growth and character of public expenditures on the one hand, and the character of the political system and the development of social and economic conditions on the other. There will also be a discussion of the working of the

more important forms of taxation, while the financial aspects of internal improvements and of public lands, the history of public borrowing, and the development of financial administration will receive careful attention.

Bibliography of Economic Works.

The committee in charge of this branch of our work propose to arrange a bibliography which shall be of practical and positive service to students. It will not be, as most bibliographies are, simply a list of titles, but will be descriptive and point out the particular value or scope of each work, so that a student will know by examining the bibliography just what he desires for his especial needs.

The foregoing outline, which is very brief compared with the full syllabi furnished by the collaborators, must suffice as a general indication of the scope and character of the proposed economic history of the United States. To give the syllabi in full would expand this paper to such a degree that it could not be presented on this occasion; nor would the full statement enable the members of these associations to discuss the whole project so well as does the condensation given.

You have undoubtedly noticed, as I have discussed the general features under each of the divisions of the history, that there is apparently, and perhaps really, some overlapping of work; that in the divisions of manufactures, transportation, industrial organization, social organization, and perhaps the labor movement, there are features in common. All these matters are clearly understood by the collaborators, and wherever it is found that one has collected material that would be useful to another, exchanges will be made, while conferences will be held from time to time in order to

secure uniformity and continuity of presentation without repetition. Of course, for the purpose of illustration, the facts given in one part of the work may be used in another part, but to this there is no great objection.

The great fault of collaborated works is well known. Each part has an individuality distinct from every other part, while the manner and method of treatment often vary throughout. The aim will be, through conferences of collaborators and of the heads of different divisions, whenever necessary, to avoid this weakness of collaborated works.

At the present time about seventy-five men, working under competent supervision, are employed in this undertaking, and the prospect is that another year there will be double this number at work. The progress up to the present time has been gratifying in large degree. The real work has been under way only a few months, but that practically indicates the positive success of the undertaking.

The size of the work cannot be foretold. It will be kept within all reasonable bounds, but nothing of value will be sacrified for the sake of producing a brief work. It may consist of eight, or ten, or twelve, or more volumes, and it will be printed and published as rapidly as the parts are completed. You can readily understand, however, that so comprehensive a work will require several years in order to perfect it and bring it before the public.

The opportunity for graduate students to engage in original research is offered as a part of our plan. These young men will be given an experience of the utmost value in their trainiug and development. They will secure some standing by their connection with this work.

So wherever college and university professors find in their groups a graduate student who is not only capable of undertaking but willing to undertake work in collecting materials for an economic history, information of that fact will be thankfully received.

Members of the American Economic Association understand quite fully what has been done and what is being done. They are interested not only in the economic point of view, but also in the historic elements of the work under consideration. Members of the Historical Association are also interested in economic branches of history, and the historian recognizes, better perhaps than our collaborators, the deficiencies in certain fields of any work on history. Their assistance, therefore, in filling these gaps and in suggesting topics which need special study would be of great importance in prosecuting our work. Historians and economists must be interested in everything that relates to history, and in everything and in every undertaking that will result in the contribution of original materials to those already in existence; for it should be remembered that the real important work of the Department of Economics and Sociology of the Carnegie Institution is a great collection of materials which will be available for the historian if any one desires to write a uniform history, for in order to be a history the work will require a unity of thought which only single authorship can give.

It must not be understood for a moment that there is to be no more historical work in these several fields I have outlined, after our collaborators have finished, or that all that is necessary to be done in these several departments will be done. The questions may be asked: Is it necessary now for historical students to give any more consideration to the subject of the land grants or

to certain branches of work like surplus revenue? (which, perhaps need not be worked over again); or, Will the specific topics of our department be exhausted? We realize fully that we are not going to cover the ground in a thoroughly exhaustive way, and that much must be left not only for the historian, but for the economist. We do intend to place the largest possible collection of materials in the hands of both, treating these materials we collect from the economic point of view—that is the public welfare. This is our fundamental thesis; this constitutes the difference between the historian as such and the economist, who uses history as an adjunct.

We have appealed to the members of the Economic Association, and they have answered that appeal most generously. We have reached that stage of our work when we are warranted in saying that the collection of materials will be carried out, and when we can logically and consistently appeal to the interest of the members of the American Historical Association to be joined to that of the American Economic Association as essential to make this great work—projected and paid for by the Carnegie Institution of Washington—a monumental work—the basis from which an economic history of the United States may be drawn, and which shall be of the greatest possible service to students both of economics and of history.